

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6634

BILL NUMBER: HB 1221

DATE PREPARED: Feb 20, 2002

BILL AMENDED: Feb 19, 2002

SUBJECT: Lake and River Enhancement Fee and Fund.

FISCAL ANALYST: Bernadette Bartlett

PHONE NUMBER: 232-9586

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill increases the Department of Natural Resources (DNR) Lake and River Enhancement Fee for a boat to \$15. The bill requires two-thirds of the revenue from this fee to be allocated for the Lake and River Enhancement Fund and one-third of the revenue from this fee to be allocated for the Conservation Officers Marine Enforcement Fund. It allows DNR to transfer 20% of the funds in the Conservation Officers Marine Enforcement Fund into the counties with special boat patrol needs fund.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The Bureau of Motor Vehicles (BMV) collects the Lake and River Enhancement Fee. Increasing the amount of the fee should not increase administrative expenses for the Bureau. The DNR administers the fund. Expenses of administering the fund are to be paid from money in the fund.

Explanation of State Revenues: (Revised) The Lake and River Enhancement (LARE) fee currently generates approximately \$1.1 M annually. Increasing the fee by \$10 to \$15 would generate an additional \$2.2 M annually.

Total Revenue Generated from the Proposed LARE Fee		
# of Boats Reported by the BMV	Fee Increase Applicable	Revenue Generated
218,719	\$10	\$2,187,190

Under the proposal, 2/3 of the revenue from this fee would be deposited in the Lake and River Enhancement Fund. Based on the total number of boats the fund would see an increase of approximately \$1.5 M. One-half of the money in the Fund is to be used to pay the costs incurred by the DNR in implementing the lake and river enhancement projects. The remaining 1/2 would be used to pay for lake projects, including projects to

remove sediment or control exotic or invasive plants or animals.

One-third of the revenue collected, or approximately \$730,000, would be deposited in the Conservation Officers Marine Enforcement Fund. This fund is to be used for marine enforcement efforts associated with recreational boating on Indiana waters. The DNR may transfer up to 20% of the money in the fund to counties with special boat patrol needs.

Money in the fund at the end of the fiscal year does not revert to the State General Fund.

Background: The Division of Soil Conservation within the DNR administers the Fund. The Fund provided matching grants to evaluate or fund mechanisms to improve the quality of public-access lakes and streams by reducing soil erosion and nutrient input. Matching grants were provided to local lake associations for diagnostic, feasibility, or design studies and for construction or remediation work. Matching grants were also provided to soil and water conservation districts for watershed studies, erosion control practices, and land treatment applications. Watershed land treatment provided funding to farmers to prevent eroded soil and nutrients from getting into streams and lakes. Watershed land treatments were designed to prevent sediment from being deposited into the lakes.

The table below details the uses of the fund for the past several years.

Lake and River Enhancement Fund Funds Allocated Annually by the State Soil Conservation Board				
Fiscal Year	Watershed Land Treatment Projects	Lake and Streams Projects	Total	% Allocated to Lakes and Streams
1995	\$446,000	\$383,840	\$829,840	46%
1996	\$484,000	\$346,053	\$830,053	42%
1997	\$551,000	\$432,477	\$983,477	44%
1998	\$462,245	\$367,755	\$830,000	44%
1999	\$483,800	\$346,200	\$830,000	42%
2000	\$531,825	\$657,003	\$1,188,828	55%
Totals	\$1,990,870	\$1,776,325	\$5,492,198	32%

Since its inception in 1990, the LARE Program has funded 241 projects in over 44 counties as of December 2001. Revenue from the Fund was also used to finance the 26-member Lake Management Work Group.

Money in the Fund at the end of the fiscal year does not revert to the State General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) The DNR may transfer up to 20% of the money in the Conservation Officers Marine Fund, or approximately \$145,000, to counties with special boat patrol needs.

State Agencies Affected: Department of Natural Resources.

Local Agencies Affected: Counties.

Information Sources: Budget Overview for the Lake Enhancement Fund and Jim Ray, Chief, and Mike Massonne, Engineer, LARE, Division of Soil Conservation, (317) 233-3871; Melanie Schwartz, Deputy Commissioner, Bureau of Motor Vehicles (317) 233-1218.